GOVERNMENT OF INDIA
HOME AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:2971
ANSWERED ON:22.08.2006
FUNDS TO TERRORIST OUTFITS
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Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether there is any law to check the increasing flow of funds to the terrorist outfits through Hawala operations;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) the steps taken by the Government to freeze cash flow to terrorist groups?

Answer

MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI SRIPRAKASH JAISWAL)

(a) to (d): The Unlawful Activities (Prevention) Act 1967 as amended in September 2004 has provisions to combat financing of terrorism. The Act allows to attach or freeze assets of a terrorist organization and / or proceeds of terrorism. It also lays down a detailed procedure for doing so. Further, the Foreign Contribution (Regulation) Act, 1976, (FCRA), also regulates and monitors receipt and use of foreign funds by the recipients. The Foreign Exchange Management Act, (FEMA) has provisions to deal with cases of unauthorized transfer of foreign exchange through hawala. The Prevention of Money Laundering Act and the Financial Intelligence Unit (FIU-IND) have also come into effect. The security and law enforcement and Revenue agencies are sensitized from time to time to pursue an inter-agency approach, detect channels and use of funds being received by the terrorist groups and accordingly invoke legal provisions to plug the flow of funds to terrorists.